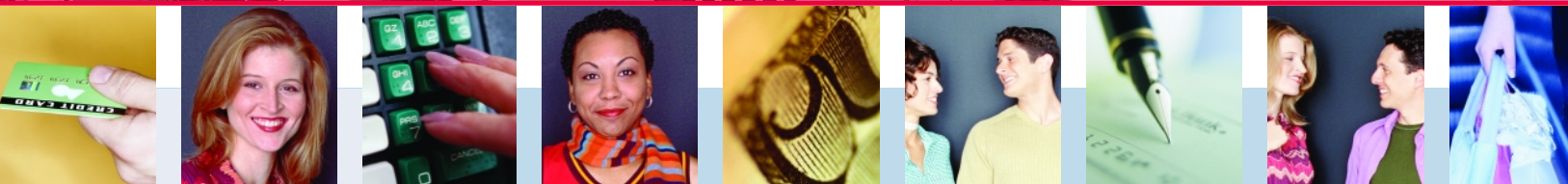










The District's Business

Special Edition: Shop DC



Inside this issue:

-  The New Convention Center
-  Shopping DC
-  Downtown Housing
-  Downtown Apartment and Condo Schedule
-  Downtown Retail
-  Main Streets
-  The Former Convention Center
-  Columbia Heights

The New Convention Center: After a Decade, The Doors Are Open

To say it's "big" doesn't quite cut it. It's 2.3 million square feet, enough space to hold six NFL football fields; four 747 jet liners; two Washington Monuments laid end-to-end; or two major league baseball fields. In can funnel three million people each year into DC, and pump \$656 million into the District's economy and \$776 million into the metropolitan region annually.

Only a few years ago, there was a crater in the middle of the District. Now, the largest public works project in the city's history – the new Washington Convention Center – is open for business.

A Huge Difference

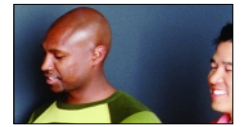
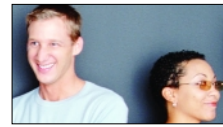
In March, the center hosted its first convention, FOSE, and played host to more than 20,000 attendees. Those numbers were a preview of numbers to come. In the former center, a "busy month" meant 16,000 to 34,000 attendees. In the new center, a "busy month" means 38,000 to 44,000 attendees—and that's only to date. In the former convention center, a large convention ranges from 2,500 to 4,000 peak room nights, the most number of rooms used on a single night by a group. In the new center, a large convention is projected to have 5,000 peak room nights.

Right now, the center is booked – in part or in full – through 2013. More than 190 meetings and conventions will come through town, representing more than 3 million room nights, 2.1 million attendees and \$1.33 billion in direct spending. Many of the new shows are medical meetings, whose attendees average more spending than attendees for other meetings. That means more people out and about in the city—going to museums, eating and shopping.

Continued on page 8



Office of the Deputy Mayor for Planning and Economic Development
Government of the District of Columbia, Anthony A. Williams, Mayor



DC Retail:

More to Shop than the Gift Shops on the Mall

Think DC's just monuments and memorials? Think again: Rhode Island Place in Ward 5 and Cady's Alley in Georgetown are open. Best Buy and The Container Store at 4500 Wisconsin Ave., NW, are under construction. Target is coming to Columbia Heights. Costco is coming to Fort Lincoln. One H&M in Georgetown is open—and a second 27,000 square foot store Downtown will open in September 2003.

Cady's Alley – How DC Gets Retail Done

In 1998, developer Anthony Lanier purchased property on M Street in Georgetown to build Cady's Alley, named after the cobblestone street that links M Street's shops to the historic buildings on the C&O Canal. Since then, Cady's Alley has become a home furnishings destination—from shabby chic to high-end class. Tenants include Bakers, with

fine traditional and transitional furnishings; Hollis & Knight, with custom rugs and furnishing; Ann Sacks Tile & Stone, providing an extensive collection of tile, stone and bathroom fixtures; and Bo Concept, selling contemporary, European furniture and trendy accessories.

Construction of Cady's Alley 130,000 square feet of retail took a 30-month partnership between Lanier and the District. The District renovated the alley with a federal grant, and Lanier and Eastbanc went to work on the retail. In total, the partnership resulted in \$65 million in investment in city retail.

Other Projects in the Pipeline

- ★ Gallery Place (Gallery Place Investors) at H & 7th St., NW: Slated to open in Spring

2004, Gallery Place is a mixed-use project with 192 units of rental housing, 210,000 square feet of office space, 260,000 square feet of retail and 690 parking spaces. Retailers include a Jillian's, Benetton, City Sports and a 14-screen United Artists Theater.

- ★ Camp Simms (Congress Heights Redevelopment) at Alabama Avenue and Stanton Road, SE: 106,000 square feet of retail with a Giant Food.
- ★ Skyland (NCRC and Rappaport Companies): 170,000 square feet of retail at Naylor Road and Alabama Avenue, SE.



Rendering of Gallery Place

Downtown Housing: The Boom Is Here

Looking for a hip place to live? We've got your address. With ample housing and a mix of cultural, entertainment and restaurant offerings – like the International Spy Museum and Zola's, and the new convention center – Downtown DC is the place to call home.

Right now, more than 3,400 housing units are under construction within 15 blocks of the MCI Center, and another 1,200 should break ground over the next 12 months. Within five blocks of the MCI Center, 2,632 housing units are under construction (2,183 apartments and 449 condominiums) and 964 are planned (608 apartments and 356 condominiums). And this is on top of the 423 Downtown apartments and 161 condominiums that just opened for residents.

This fall, Paradigm Development opens the Meridian at Gallery Place with 462 apartments and JPI opens the Jefferson at Penn Quarter with 428 apartments.

More Reasons to Dwell Downtown

If that's not enough reason to make a home Downtown, here's more:

- ★ May 15, 2003: The new City Museum opens
- ★ 2003 to 2005: increase in Downtown retail stores at Gallery Place and along F and 7th St.
- ★ By April 2004: 20 movie screens at two locations
- ★ Mid-2006: Smithsonian's National Portrait Gallery and Museum of American Art will reopen after a \$216 million renovation, including an inner courtyard with a glass ceiling
- ★ Late 2006: Shakespeare Theater's second venue will open on F Street
- ★ Early 2007: The new \$400 million Newseum will open
- ★ 2007 to 2009: Completion of the redevelopment of the former convention center site



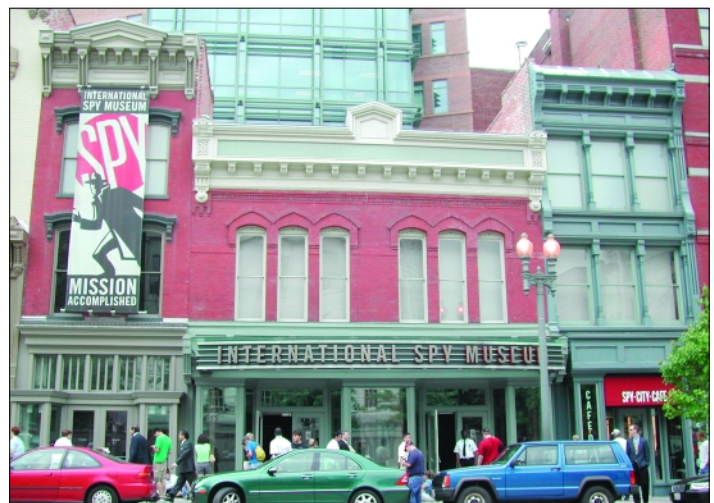
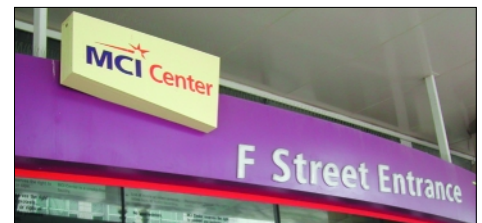
Meeting the Mayor's Goals

During his 2003 Inaugural Address, Mayor Williams set a goal of bringing 100,000 new residents to the city over the next 10 years. The current pipeline can bring 4,300 to 5,000 of them to Downtown, and continue Downtown's transformation into a mixed-use, mixed-income neighborhood that's open and active 18 hours a day.

The Mayor wants people of all income levels to experience Downtown and requires 20 percent of the units in projects built on city-owned property, or financed by the city – like the Mather Building and Wax Museum – be affordable.

The income taxes and property taxes from other Downtown housing

projects also help support the Housing Production Trust Fund, designed to build affordable housing throughout the city.



Top: MCI Center F Street entrance, between 5th and 6th Streets
Bottom: International Spy Museum, 800 F St., NW



Downtown Apartment and Condo Schedule

Apartment Projects	Number of Units	Opening Date	Address (all in Northwest)	Developer
Recently Delivered—Downtown				
Lexington North	49	5/2002	410 8th Street (8th & E)	Gould Properties
Atlas Apartments	9	3Q/2002	515 9th Street (9th & G)	Douglas Development
Post Properties	269	10/2002	499 Massachusetts Ave (15th & Mass)	Post Properties
Summit Grand Parc	105	12/2002	0 15th Street (15th & I)	Summit Properties

423

Under Construction 2003-2004—Downtown: 2,843

Planned 2004-2008—Downtown: 1,368

Condominium Projects

Recently Delivered—Downtown				
Solo Piazza	77	1Q/2002	1300 13th Street (13th & N)	Furioso Development
Saxon Court	46	1Q/2003	1440 Church Street (P between 14th & 15th)	PN Hoffman
The Montgomery	15 (estimate)	1Q/2003	1229 12th Street (between M & N)	Linde Development
Willison	23	1Q/2003	1425 Rhode Island Ave (between 14th & 15th)	Abdo Development

161

Under Construction 2003-2004—Downtown: 652

Planned 2004-2008—Downtown: 721

Apartment Projects

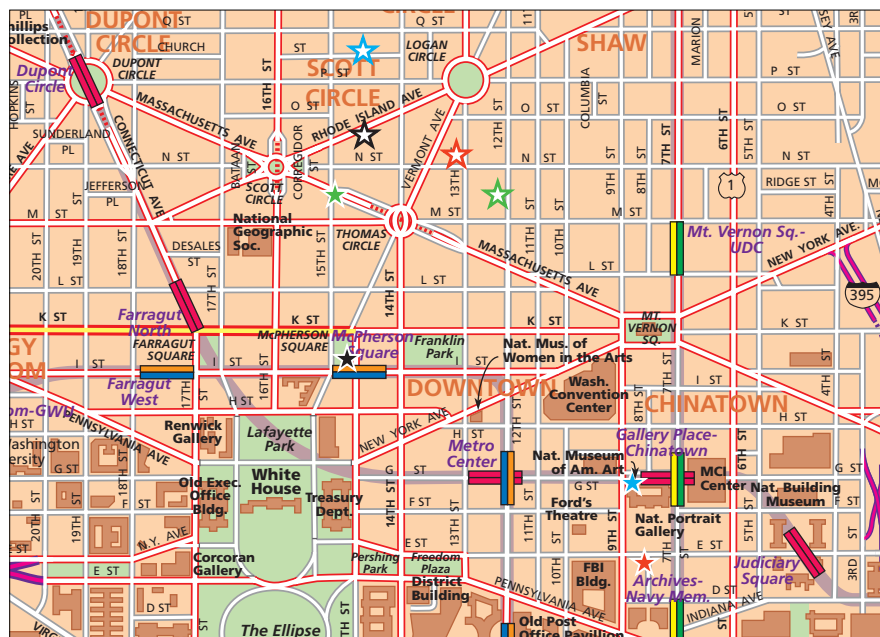
Recently Delivered—Downtown

- ★ Lexington North
- ★ Atlas Apartments
- ★ Post Properties
- ★ Summit Grand Parc

Condominium Projects

Recently Delivered—Downtown

- ★ Solo Piazza
- ★ Saxon Court
- ★ The Montgomery
- ★ Willison



Apartment Projects	Number of Units	Opening Date	Address (all in Northwest)	Developer
Recently Delivered—Located out of Downtown				
Henry Adams House	211	12/2001	2701 Calvert Street	LCOR
Residences at Park Hyatt	85	3/2002	1221 24th Street (between M & N)	Pritzker Realty
3883	158	9/2002	3883 Connecticut Ave (near Van Ness)	Clark Residential
Summit Roosevelt	196	12/2002	2101 16th Street (near U Street)	Summit Properties

650

Under Construction 2003-2004—Located Out of Downtown: 507

Planned—Located Out of Downtown: 936

Condominium Projects

Recently Delivered—Located Out of Downtown				
Lofts at Adams Morgan	59	2Q/2002	2328 Champlain Street	PN Hoffman
Residences at	29	1Q/2003	31st Street	Eastbanc
Ritz Carlton Georgetown				
Phillips School	14	4/2003	2735 Olive Street	IBUS

102

Under Construction—Located Out of Downtown: 196

Planned—Located Out of Downtown: 892

Prepared by Downtown DC Business Improvement District April 22, 2003
[* Indicates apartment projects that may switch to condominiums.]

Downtown Retail: DC's Retail Incentive Program

Since ICSC 2002, the District has continued to attract retail to its neighborhoods. But the city knows its needs more shopping to turn Downtown into a thriving commercial center. To that end, the city has a plan.

1) We're spreading the good word.

Working with its many partners, the city continues to aggressively recruit retailers through a variety of meetings, conference and public events, most significantly the ICSC Conference. At ICSC alone, we've established dialogue with retailers such as Target, Home Depot, Costco, Cost Plus World Market, H&M, Container Store, Modells, Best Buy, Urban Outfitters, Federated Department Stores, Stein Mart, Kohls and Trader Joe's. You'll now find several of those stores in the city—and several more on the way.



2) We're creating the housing to generate a critical mass.

There are currently 1,978 units of housing Downtown. Some 2,139 units are currently under construction, for a total of more than 4,000 in Downtown alone.

retailers to secure bank financing for tenant improvements to the space.



Retailers will be screened based on scoring that considers the amount of new taxes that the retailer will generate, the “draw” of the retailer for other retailers, and how a particular retailer's presence will enhance the overall vitality and atmosphere of the focus area. In essence, the program will duplicate

3) We're putting our money where our mouth is.

We're finalizing a Tax Increment Financing (TIF) program designed to attract unique and boutique retailers to set up shop Downtown. The



Mayor, the Downtown DC Business Improvement District (DC BID) and Downtown property owners will soon be introducing the “Downtown Retail Incentive Program” to attract retailers to 7th, 11th, F and G Streets, NW. This program reduces the risk for retailers to locate Downtown and can help fill 250,000 square feet of retail space with unique, high-volume tenants that will attract other retailers.

In this Program, the District will use TIF to offset some of the cost associated with building out space for approved retailers. Property owners will be able to use some of the sales taxes that generated by new

the model and success that the District has had in providing TIF assistance to the International Spy Museum, but across a larger area.

With the “Downtown Retail Incentive Program,” the city can move its 22 million annual visitors to from the monumental core of DC and into Downtown.



Downtown DC

Main Streets

Neighborhood Retail: More than Big-Box, Thanks to reSTORE DC

To promote and grow the District's unique neighborhood retail corridors, Mayor Williams created reSTORE DC. Launched in Jan. 2002, reSTORE helps revitalize neighborhood business districts and small business through organization, design, promotion and economic restructuring of commercial areas. The program has four components:

- ★ **DC Main Streets:** A comprehensive package of technical and financial assistance for neighborhood business districts.
- ★ **Commercial District Technical Assistance Program (CD-TAP):** Specific technical assistance, and funding for projects and activities that help to revitalize neighborhood business districts. Grants range from a minimum of \$500 to a maximum of \$25,000.
- ★ **Commercial Property Acquisition and Development Program (CP-A&D):** Matching grant funds for non-profit corporations to acquire, redevelop, or build commercial properties in the District. Non-profits can also strategically invest matching grant funds to retain, expand or attract desirable retail business to their neighborhood.
- ★ **Small Business Development Program:** Offers training, conferences, technical assistance and access to capital



Dupont Circle

Main Streets

Since 2001, Mayor Williams has designated 12 neighborhood business districts as local Main Street programs: Adams Morgan; Anacostia; Barracks Row; Brookland (12th St., NE); Dupont Circle; 14th & U St.; 14th St. Heights; Georgia Avenue (northern gateway); H St., NE; Mount Pleasant; North Capitol Street; and Shaw (7th and 9th St., NW).



District of Columbia

Main Streets

How's it going? Consider this:

- ★ **8th St., SE:** Known as "Barracks Row," 8th St. is undergoing \$6.8 million in streetscape improvement. New brick sidewalks, lampposts, trees and signage are scheduled for completion this year.
- ★ **H Street:** There's \$1.38 billion in revitalization planned for the next 10 years. The adjacent development of Station Place by the Louis Dreyfus Property Group and Fisher Brothers – with the Securities and Exchange Commission leasing 1,070,000 square feet – will bring more than 6,000 employees to the area.
- ★ **14th & U St.:** It's one of the most rapidly developing in-town neighborhoods in the city and just north of the District's new convention center. A dozen development projects will create an additional 1,000 residential units, 50,000 square feet of new retail space and more than 100,000 square feet of arts and office space.
- ★ **North Capitol:** We've broken ground on the New York Avenue Red Line Metro Station. Once open, the station will serve as a catalyst for area development and support neighborhood retail.

Many reSTORE DC projects are adjacent to the city's larger projects, making them part of a neighborhood retail center: Mt. Pleasant and Adams Morgan is near Columbia Heights; Shaw's Main Streets are near the new Washington Convention Center and The City Museum; Gateway at Georgia Avenue is home to more than 5,000 employees of Walter Reade Army Medical Center; and Anacostia will soon be home to the District Department of Transportation's Traffic Control Center, with 600 employees.



Dos Gringos in Mount Pleasant

On May 7, 2003, Mayor Williams designated seven new Main Street programs:

WARD 1

- ★ **Mt. Pleasant**
Mount Pleasant Main Street, Inc.
- ★ **Adams Morgan**
Adams Morgan Main Street Group, Inc.

WARD 2

- ★ **Dupont Circle**
Dupont Circle Merchants and Professionals Association
- ★ **Shaw**
Shaw Main Streets, Inc.

WARD 4

- ★ **Shepherd Park / Takoma**
DC GATEWAY-Georgia Avenue Revitalization Corporation

WARD 5

- ★ **Brookland**
Brookland Community Development Corporation

WARD 8

- ★ **Anacostia**
Anacostia Economic Development Corporation



The Former Convention Center: Out With The Old, Plan for the New

While the District celebrates the opening of the new convention center, city officials are planning for the redevelopment of the former center site. With more than 10 acres of land to redevelop, city leaders and residents have a chance to create a new center for DC's Downtown—a mixed-income, mixed-use community of housing, shopping, parking and entertainment.

The redeveloped site will have – as its core – some 300,000 square feet of retail, 600 to 900 new units of housing, an acre of

programed civic space and about 1,500 underground parking spaces. Other uses being discussed include a new Central Public Library and Media and Technology Center, a performance venue, and a boutique hotel or office space. The redevelopment process began late in 2002, when the District issued a request for proposals and seven teams responded. Architects, developers and planners from around the world submitted proposals to redevelop this site—a sign of the high level of interest and activity in this city. After a round of interviews and public

meetings, four teams made the District's short list:

★ District of Columbia Civic Development: Millennium Partners, Jonathan Rose Companies, Gould Property Company and EastBanc, Inc.

★ Forest City–Jarvis Group, LLC: Forest City Washington and The Jarvis Company, LLC

★ Hines/Smith/Georgetown: Hines Interests Limited Partnership, Charles E. Smith Residential and the Georgetown Company

★ The Related Companies: Related Companies, L.P., Boston Properties, Inc., MacFarlane Urban Realty Company, LLC and Mr. Dickie S. Carter

During May 2003, the city met with the four teams, clarified their proposals and visited projects that they previously completed. In June 2003, Mayor Williams plans to announce a finalist and develop an exclusive rights agreement for the site.



Top: Former Convention Center
Right: Rendering of Convention Center Redevelopment



Columbia Heights: The Next Big Thing

On May 13, 2003, Mayor Williams broke ground on the redevelopment of the Tivoli Theater (Tivoli Partners) in Columbia Heights. It will soon house a 53,000 square foot Giant Food store, 28,000 square feet of offices, 24,000 square feet of ancillary retail, a 250-seat Gala Theatre and 40 homeownership townhouse units. Combined with its neighbor DC USA, (Grid Properties) – a 546,000 square foot retail and entertainment center, and home to Target, Washington Sports Club and other national and local retailers – Columbia Heights is becoming *the* neighborhood, where residents and retailers alike want to get in on the ground floor.



Rendering for DC USA in Columbia Heights

"This building is a statement," Mayor Williams said at the center's March opening. "It says our economy is strong economy because the center is flanked by growth — in housing units, retail, restaurants and jobs. And it says our economy is growing because we're attracting conventions like never before — and attendees can turn their conventions into family vacations."

The Hotel Next Door

To complement the center — and expand its economic potential — the District and Marriott are finalizing plans to build a convention center headquarters hotel across from the new convention center. In October 2003, the District chose Marriott as the city's partner in

developing the convention center hotel. While the details are being finalized, the broad strokes include:

- ★ 90,000 square feet of ballroom and meeting space
- ★ 1,100 to 1,500 rooms
- ★ 600 parking spaces

Right now, the hotel is in predevelopment and design stages, with a groundbreaking anticipated in late 2004.



A 2nd Time, We're #1: DC Tops Retail Index

Marcus & Millichap's National Retail Index ranks 35 retail markets based on a series of supply and demand indicators. For the second consecutive year, the District came out on top. With forecasts for "strong rent and employment growth," "low vacancy," and "relatively little new construction coming to market in the near future," DC made the top 10 in five of seven categories.

"A Solid Investment. Solid rent and vacancy numbers, continued job and income growth through the recession and a bullish forecast for the next three years make retail investment in Washington, DC among the most attractive nationally."

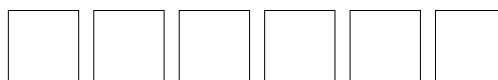
Marcus & Millichap, National Retail Report, 2Q, 2002

Marcus & Millichap's Top 10:

1. Washington, DC
2. San Diego
3. Orange County
4. Ft. Lauderdale-W. Palm Beach
5. San Francisco
6. Riverside-San Bernadino
7. Boston
8. Oakland
9. Sacramento
10. New York City



Opening night of the New Washington Convention Center



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